



General Assembly

February Session, 2010

***Raised Bill No. 5389***

LCO No. 1193

\*01193\_\_\_\_\_CE\_\*

Referred to Committee on Commerce

Introduced by:  
(CE)

***AN ACT CONCERNING THE DEPARTMENT OF ECONOMIC AND  
COMMUNITY DEVELOPMENT'S RECOMMENDATIONS FOR TAX  
CREDITS TO PROMOTE JOB CREATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217ii of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2010, and*  
3 *applicable to income years commencing on or after January 1, 2010*):

4 (a) As used in this section:

5 (1) "Commissioner" means the Commissioner of Economic and  
6 Community Development;

7 (2) "Income year" means, with respect to entities subject to the  
8 insurance premiums tax under chapter 207, the corporation business  
9 tax under this chapter or the utilities company tax under chapter 212,  
10 the income year as determined under each of said chapters, as the case  
11 may be;

12 (3) "Taxpayer" means a person subject to tax under chapter 207, this  
13 chapter or chapter 212;

14 (4) "New job" means a full-time job which (A) did not exist in this  
15 state prior to a taxpayer's application to the commissioner for an  
16 eligibility certificate under this section for a job creation credit, and (B)  
17 is filled by a new employee;

18 (5) "New employee" means a person hired by the taxpayer to fill a  
19 new full-time job who is paid for a minimum of thirty-five hours per  
20 week and is employed for twelve consecutive months. A new  
21 employee does not include a person who was employed in  
22 Connecticut by a related person with respect to the taxpayer during  
23 the prior twelve months;

24 (6) "Full-time job" means a job in which an employee is required to  
25 work at least thirty-five or more hours per week. A full-time job does  
26 not include a temporary or seasonal job;

27 (7) "Related person" means (A) a corporation, limited liability  
28 company, partnership, association or trust controlled by the taxpayer,  
29 (B) an individual, corporation, limited liability company, partnership,  
30 association or trust that is in control of the taxpayer, (C) a corporation,  
31 limited liability company, partnership, association or trust controlled  
32 by an individual, corporation, limited liability company, partnership,  
33 association or trust that is in control of the taxpayer, or (D) a member  
34 of the same controlled group as the taxpayer; [and]

35 (8) "Control", with respect to a corporation, means ownership,  
36 directly or indirectly, of stock possessing fifty per cent or more of the  
37 total combined voting power of all classes of the stock of such  
38 corporation entitled to vote. "Control", with respect to a trust, means  
39 ownership, directly or indirectly, of fifty per cent or more of the  
40 beneficial interest in the principal or income of such trust. The  
41 ownership of stock in a corporation, of a capital or profits interest in a  
42 partnership, limited liability company or association or of a beneficial  
43 interest in a trust shall be determined in accordance with the rules for  
44 constructive ownership of stock provided in Section 267(c) of the  
45 Internal Revenue Code of 1986, or any subsequent corresponding

46 internal revenue code of the United States, as from time to time  
47 amended, other than paragraph (3) of said Section 267(c); and

48 (9) "Baseline employees" means the total number of persons  
49 employed in full-time jobs by a taxpayer as of the last date of the  
50 month preceding the month during which an application for a tax  
51 credit pursuant to this section is submitted.

52 (b) (1) There is established a jobs creation tax credit program  
53 whereby a taxpayer who creates at least ten new jobs in Connecticut  
54 may be allowed a credit against the tax imposed under chapter 207,  
55 this chapter or chapter 212, in [an] the amount [up to sixty per cent of  
56 the income tax deducted and withheld from the wages of new  
57 employees and paid over to the state pursuant to chapter 229] of  
58 twenty-five hundred dollars per employee. The number of new  
59 employees shall be calculated by using the annual average of the  
60 monthly number of total full-time employees reported by the taxpayer,  
61 less the number of baseline employees.

62 (2) For each new employee, credits may be granted for five  
63 successive years.

64 (3) The credit shall be claimed [in] for the income year in which it is  
65 earned. Any credits not used in a tax year shall expire.

66 (c) Any taxpayer planning to claim a credit under the provisions of  
67 this section shall apply to the commissioner in accordance with the  
68 provisions of this section. The application shall be on a form provided  
69 by the commissioner, and shall contain sufficient information  
70 concerning the number of new jobs to be created, feasibility studies or  
71 business plans for the increased number of jobs, projected state and  
72 local revenue that might derive as a result of the job growth and other  
73 information necessary to demonstrate that there will be net benefits to  
74 the economy of the municipality and the state. The commissioner shall  
75 impose a fee for such application as the commissioner deems  
76 appropriate.

77 (d) The commissioner shall determine whether (1) the taxpayer  
78 making the application is eligible for the tax credit, and (2) the  
79 proposed job growth (A) is economically viable only with use of the  
80 tax credit, (B) would provide a net benefit to economic development  
81 and employment opportunities in the state, and (C) conforms to the  
82 state plan of conservation and development prepared pursuant to  
83 section 16a-24. The commissioner may require the applicant to submit  
84 such additional information as may be necessary to evaluate the  
85 application.

86 (e) (1) The commissioner, upon consideration of the application and  
87 any additional information the commissioner requires, may approve  
88 the credit application, in whole or in part, if the commissioner  
89 concludes that the increase in the number of jobs is economically  
90 viable only with the use of the tax credit and that the revenue  
91 generated due to economic development and employment  
92 opportunities created in the state exceeds the credit and any other  
93 credits to be taken. If the commissioner disapproves an application, the  
94 commissioner shall specifically identify the defects in the application  
95 and specifically explain the reasons for the disapproval. The  
96 commissioner shall render a decision on an application not later than  
97 ninety days after the date of its receipt by the commissioner.

98 (2) The total amount of credits granted to all taxpayers shall not  
99 exceed ten million dollars in any one fiscal year.

100 (3) A credit under this section may be granted to a taxpayer for not  
101 more than five successive income years.

102 (4) The commissioner may combine approval of a credit application  
103 with the exercise of any of the commissioner's other powers, including,  
104 but not limited to, the provision of other forms of financial assistance.

105 (f) Upon approving a taxpayer's credit application, the  
106 commissioner shall issue a credit allocation notice certifying that the  
107 credits will be available to be claimed by the taxpayer if the taxpayer

108 otherwise meets the requirements of this section. No later than [thirty]  
109 forty-five days after the close of the taxpayer's income year, the  
110 taxpayer shall provide information to the commissioner regarding the  
111 number of new jobs created for the year. [and the income tax deducted  
112 and withheld from the wages of such new employees and paid over to  
113 the state for such year.] The commissioner shall issue a certificate of  
114 eligibility that includes the taxpayer's name, the number of new jobs  
115 created, and the amount of the credit certified for the year. The  
116 certificate shall be issued by the commissioner [sixty] not later than  
117 forty-five days [after the close of the taxpayer's income year or thirty  
118 days] after the information is provided, [, whichever comes first.]

119 (g) The commissioner shall, upon request, provide a copy of the  
120 certificate of eligibility issued under subsection (f) of this section to the  
121 Commissioner of Revenue Services.

122 (h) (1) If (A) the number of new employees on account of which a  
123 taxpayer claimed the credit allowed by this section decreases to less  
124 than the number for which the commissioner issued an eligibility  
125 certificate during any of the four years succeeding the first full income  
126 year following the issuance of an eligibility certificate, and (B) those  
127 employees are not replaced by other employees who have not been  
128 shifted from an existing location of the taxpayer or a related person in  
129 this state, the taxpayer shall be required to recapture a percentage of  
130 the credit allowed under this section on its tax return, as determined  
131 under the provisions of subdivision (2) of this subsection. The  
132 commissioner shall provide notice of the required recapture amount to  
133 both the taxpayer and the Commissioner of Revenue Services.

134 (2) If the taxpayer is required under the provisions of subdivision  
135 (1) of this subsection to recapture a portion of the credit during (A) the  
136 first of such four years, then ninety per cent of the credit allowed shall  
137 be recaptured on the tax return required to be filed for such year, (B)  
138 the second of such four years, then sixty-five per cent of the credit  
139 allowed for the entire period of eligibility shall be recaptured on the

140 tax return required to be filed for such year, (C) the third of such four  
141 years, then fifty per cent of the credit allowed for the entire period of  
142 eligibility shall be recaptured on the tax return required to be filed for  
143 such year, (D) the fourth of such four years, then thirty per cent of the  
144 credit allowed for the entire period of eligibility shall be recaptured on  
145 the tax return required to be filed for such year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010, and applicable to income years commencing on or after January 1, 2010</i>	12-217ii

***Statement of Purpose:***

To establish a set dollar amount for the credit to be received by employers for hiring a new employee and to clarify the job creation tax credit program statute.

***[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]***